



UNITED STATES MARINE CORPS
MARINE CORPS SYSTEMS COMMAND
2200 LESTER STREET
QUANTICO, VIRGINIA 22134-6050

IN REPLY REFER TO

MCSC
J&A No. 13,741
5 October 2010

JUSTIFICATION AND APPROVAL
TO PROCURE USING OTHER THAN FULL AND OPEN COMPETITION

Upon the basis of the following justification, I, as Competition Advocate for the procuring activity, hereby approve the contractual action described herein using other than full and open competition pursuant to the authority of 10 U.S.C. 2304(c)(1) as implemented by the Federal Acquisition Regulation FAR 6.302-1.

SOLE SOURCE JUSTIFICATION

1. Contracting Activity

Marine Corps Systems Command (MCSC)
AFSS Contract Group (CT026)
2200 Lester Street
Quantico, VA 22134-6050

2. Nature of Action Being Approved

The use of other than full and open competition to negotiate a Firm-Fixed Price contract with Raytheon Company (Raytheon), 2501 W. University Drive, McKinney, TX 75071 for the continued procurement of modifications to the M1A1 Power Conditioning Unit (PCU) and North Finding Module (NFM) Line Replaceable Units (LRU). M1A1 PCU and NFM LRUs are Firepower Enhancement Program (FEP) components that were initially procured through contract M67854-00-C-1060, which was competitively awarded and concluded in July 2010 with a total approximate value of \$126,859,836. The PCU and NFM LRU modification efforts were added to the FEP contract as an out of scope contract modification.

The modification to the PCU LRU is required to correct issues encountered during operation of the Tank Systems Improved Reliability and Sustainability (TSIRS) onboard diagnostics system, which the Army inserted into the current M1A1 configuration. The Marine Corps followed the Army's lead and incorporated the TSIRS system, resulting in PCU compatibility issues, which are being addressed by this modification. The

modification to the NFM LRU is required to embed the Global Positioning System (GPS) receiver and processor per an Engineering Change Proposal (ECP) that was initiated at the midpoint of the original contract.

The Government, via the FEP contract, has modified 341 PCU and 302 NFM LRUs to date. The Government has a need for the modification of an additional 130 PCU and 175 NFM LRUs which will complete the modifications required for the USMC M1A1 tank fleet. All required modifications were incorporated into, but not completed as part of, the FEP contract due to contract period of performance and documentation issues associated with the PCU and NFM out of scope contract modifications. Upon review of the contract file, the Contracting Officer found insufficient documentation justifying the contractual modification or establishing the terms and conditions of the work to be performed. Additionally, the incorporation of these modifications resulted in a total contract duration of over 12 years, a contractual term that the Government has no authority to enter into. The Contracting Officer's decision was to descope the remaining PCU and NFM LRU modification requirements and pursue a properly-executed alternative for the remaining unit modifications.

3. Description of Supplies/Services

This effort entails the modification of the M1A1 PCU and NFM LRUs, originally procured through the aforementioned contract, for which Raytheon is the prime contractor. The PCU LRU modification consists of replacement of the circuit card assembly (CCA) and any capacitor bank assembly(s) that show signs of stress as well as performance of environmental stress screening and acceptance testing. The NFM LRU modification consists of modified CCAs, flex assemblies and covers. Government furnished PCU and NFM LRUs will be provided to Raytheon subcontractors (Captor, Inc. and GE, respectively) for this modification effort. The contractor shall be responsible for conducting any repair of Government-furnished LRUs that is required to facilitate the modifications.

4. Identification of Justification Rationale

The statutory authority permitting use of other than full and open competition is 10 U.S.C. 2304(c)(1), as implemented by the Federal Acquisition Regulation (FAR) 6.302-1: "Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements."

5. Contractors' Unique Qualification and Rationale for Use of the Authority Cited:

The Government maintains limited data rights to the PCU and NFM LRU Technical Data Packages, which precludes the Government from providing this technical data to any other contractor. The Government has been notified that the TDPs are not for sale. Accordingly, award to any other contractor would result in LRU redesign, which would negatively impact mission critical schedule constraints and result in significantly increased sustainment burden as detailed in paragraph 9.

6. Efforts Made to Solicit Potential Sources

The Government synopsisized its intent to award a sole source contract to Raytheon on 19 May 2010, allowing for interested parties to express interest and capabilities to perform the work. The Government received no responses to this synopsis.

7. Determination of Fair and Reasonable Cost

Raytheon will be required to submit certified cost and pricing data to validate its proposed price. The Contracting Officer will also ensure that the price for the proposed procurement is fair and reasonable through the use of field pricing assistance or other means as deemed necessary.

8. Market Survey Results

See Paragraph 6.

9. Other Facts Supporting the Use of Other than Full and Open Competition

PCU and NFM LRU modifications must be executed consistent with Military Prepositioning Force (MPF) ship offload schedules. MPF ship cycles typically consist of a three-year deployment and three-month period for offload, maintenance and onload. As tanks are offloaded from the MPF ships, they must be retrofitted with modified PCU and NFM LRUs prior to MPF ship re-deployment. Accordingly, award to any other vendor would result in delays of at least three years, as near-term MPF ship offload schedules will be missed due to delays associated with vendor development, test and certification of alternate LRU modifications. The FEP contract tied modified PCU and NFM LRU deliveries to the MPF ship schedule. As such, descoping the remaining deliveries from

the FEP contract created a very limited window of opportunity to execute an acceptable alternative to satisfy the remaining delivery requirements in accordance with the existing MPF ship schedule.

The modified PCU LRU is required for the tank's Thermal Sight System (TSS) and the TSIRS onboard diagnostic system to function properly. If MPF ships redeploy without the modified PCU LRUs installed, tank crews would not have access to the capabilities that the TSS and TSIRS provide. Without the TSS, the gunner would not have the capability to acquire and engage targets during hours of darkness or in limited visibility situations (e.g. smoke). Without the TSIRS onboard diagnostic system, tank crew and maintenance personnel would experience a severe degradation in their ability to troubleshoot, diagnose and correct maintenance problems. If MPF ships redeploy without the modified NFM LRUs installed, the Marine Corps would have different Far Target Location systems installed in the tank fleet: the older NFM LRU on approximately half of the MPF tanks and the modified NFM LRU on tanks at home station. Upon offloading tanks in theater, units would require additional time to train with the older NFM LRU before they are ready for combat operations, which degrades combat readiness.

Raytheon's modified PCU and NFM LRUs have already been fielded to the USMC tank fleet. Since the Government maintains limited rights to the associated TDPs, with no ability to purchase and provide the TDPs to other vendors, award of this follow-on effort to any other vendor would result in the fielding of PCU and NFM LRUs of two different configurations. Accordingly, the Government would experience a substantial increase in logistics and maintenance effort and resources required to manage both configurations over their respective life-cycles.

10. Other Interested Sources

See Paragraph 6.

11. Actions Taken to Remove Barriers to Competition

The Government maintains limited rights to the PCU and NFM LRU technical data packages, which precludes the Government from sharing this technical data with any other vendor. However, the Government does not intend to conduct any future incremental modifications to the current FEP system. The Government anticipates that the duration of the FEP system life cycle will be approximately 10 years from full fielding, after which time

technological advancements in the areas of thermal imaging and micro processing will render the current system obsolete. The Government will develop key performance parameters for current system functions that will facilitate full and open competition for system replacement.

12. Statement of Delivery Requirements

Delivery requirements include associated software, hardware, cables, and miscellaneous components to ensure an operationally effective and suitable LRU. The delivery schedule is anticipated to be 10 modified PCUs and 20 modified NFM LRUs per month, for the first month, and 10 of each thereafter. This delivery schedule will satisfy delivery requirements associated with MPF ship schedules and allow for the modification of all remaining tanks in the fleet.

13. Estimated Dollar Value of the Acquisition

The total estimated dollar value for this contract action is approximately \$3,238,635.

FY	Appropriation	Amount
10, 11	PMC	\$3,238,635

14. Reference to Supporting Acquisition Plan

An acquisition plan is not required for this effort. The total dollar value of the contract does not exceed the threshold as defined in DFARS 207.103(d) (i) (B).

15. Documentation for Spare/Repair Parts.

No spare or repair parts will be purchased as part of this procurement.

APPROVED
Date: 10/25/2010